

Interim Report of Findings: No. 1

Mayor's Infrastructure Finance Committee

Subject: Legislative Actions

Report to:

**Lincoln Mayor Don Wesely
Lincoln City Council**

Report From:

Mayor's Infrastructure Finance Committee

Tri-Chairs: Brad Korell, Russ Bayer, and Jan Gauger

**Members: Carol Brown, Jon Carlson, Jerry Schleich,
Linda Crump, Bob Hampton, Dan Marvin, Richard
Meginnis, Terry Werner, Otis Young, Larry Zink.**

Report Date:

January 8, 2003

The purpose of this report is to provide interim findings concerning potential legislative actions supporting the maintenance and expansion of five core urban infrastructure elements for the City of Lincoln -- specifically streets, water, wastewater, stormwater, and parks and trails. The report presents formal actions taken by the Mayor's Infrastructure Finance Committee during their December 19, 2002, meeting.

This interim report is based on recent work of the Mayor's Infrastructure Finance Committee and its subordinate working committee entitled the "Legislation Work Group." This report is intended to furnish the Mayor and City Council with the Committee's preliminary conclusions regarding legislative actions and lobbying activities. These actions and activities are those the elected officials may wish to consider undertaking prior to the release of the Committee's concluding report in June of 2003. While the findings expressed in this interim report focus primarily on the upcoming session of the Nebraska Unicameral, many of the findings also affirm possible local actions, as well as supporting the pursuit of Federal funding for local infrastructure enhancements.

While this interim report concludes the initial assignment of the Legislation Work Group, the Work Group remains committed to supporting the overall Mayor's Infrastructure Finance Committee process. The Legislation Work Group has indicated a continued willingness to

reconvene if and when their collective expertise and knowledge can advance the progress of the larger infrastructure finance program.

The balance of this report provides a brief background of the overall process, a description of the Legislation Work Group's activities, and the interim findings of the Mayor's Infrastructure Finance Committee.

Mayor's Infrastructure Finance Committee Process

The Mayor's Infrastructure Finance Committee process began in October of 2002 with the creation of a thirteen member committee of area residents. To oversee the Committee's work, three Chairs were appointed by the Mayor – Brad Korell, Russ Bayer, and Jan Gauger. The other members appointed to the Committee include Carol Brown, Jon Carlson, Jerry Schleich, Bob Hampton, Linda Crump, Dan Marvin, Richard Meginnis, Terry Werner, Otis Young, and Larry Zink.

The Tri-Chairs have the responsibility of managing the on-going work of the Committee and its three subordinate Work Groups. These three Work Groups have been assigned the task of examining the "Finance," "Cost Savings and Efficiency," and "Legislation" issues of infrastructure financing for Lincoln. Other local citizens were invited to submit their names for participation on the individual Work Groups. In all, a total of 47 Lincoln area citizens are participating on the Committee and Work Groups.

As expressed in the Mayor's October 3, 2002, "Charge to the Committee," the overall task of the Mayor's Infrastructure Finance Committee is to:

"...seek a consensus on a realistic comprehensive financial package ensuring the maintenance of existing public infrastructure and the delivery of future public infrastructure to facilitate community growth."

The Mayor's Infrastructure Finance Committee is responsible for preparing an integrated package of recommendations combining the products of the three Work Groups. The Committee is to "be sensitive to the effects its recommendations may have on Lincoln's citizens, businesses, neighborhoods, economic development and people of all income groups."

The Committee and its subordinate Work Groups were also provided with five "Key Working Assumptions." These assumptions are to form the foundation upon which the Committee is to build their findings. In summary form, these assumptions included:

1. The City-County Comprehensive Plan is to serve as the framework for the assumed population growth rate, direction of urban growth, and phasing of urban growth.

2. A “balanced funding approach” is to be sought that gives primary consideration to maintaining the community’s existing infrastructure investment, secondly, to funding projects of “broad community benefit”(namely the Antelope Valley projects and the South and East Beltways); and thirdly, to supporting infrastructure improvements that further planned urban growth.
3. The Committee’s review is to be limited to streets and highways, water, wastewater, storm water, and parks.
4. The planning time horizon of the effort is to cover at least the next 6 years and longer as deemed appropriate.
5. The financial contributions from impact fees (consistent with the Mayor’s August 26, 2002, proposal) are to be assumed part of any future revenue stream of Lincoln’s infrastructure development.

Legislative Work Group

As one of three subordinate committees, the Legislative Work Group was composed of 13 members: two members from the Mayor’s Infrastructure Finance Committee and 11 members selected from the names of persons indicating their interest in being on a Work Group.

The two Infrastructure Finance Committee members on the Legislation Work Group were Jan Gauger and Linda Crump. Jan Gauger server as the Work Group’s Chair, while Linda Crump served at the Work Group’s Vice-Chair. The other members of the Legislation Work Group were Bruce Bohrer, Darlene Starman, Bill Austin, Alan Hersch, Steve Larrick, Ken Winston, Bruce Kevil, Brian Krannawitter, Beatty Brasch, Bob Peterson, and Chris Beutler.

The Legislation Work Group’s charge was “to consider and recommend possible changes in current State legislation to facilitate and enhance the funding of infrastructure for the City of Lincoln.” This task included working with the City’s lobbyist to consider legislation most likely to review positive action by the State Unicameral during the upcoming 2003 session. Because of the timing of the Unicameral session, the Work Group was asked to return their initial set of recommendations to the full Infrastructure Finance Committee by not later than mid-December, 20002.

The work of the Legislation Work Group was completed over a two month period – from late October of 2002 through early December of 2002. The Work Group met a total five times during this period to review and discuss materials prepared both by staff and Work Group members. Their final formal meeting was held on December 10, 2002.

The Legislation Work Group explored potential legislative actions within five broad topical areas of review:

- ☐ Fuel Sales Revenues
- ☐ Design-Build Bidding
- ☐ Municipal Infrastructure Redevelopment Funds (MIRF)
- ☐ Stormwater Management
- ☐ Federal Reauthorization Legislation

Based upon their review of the issues involved in each of these area, the Work Group prepared a “Summary of Pros and Cons.” This document outlines the benefits and shortfalls of various options that the Group identified in each of these topical areas. A copy of this summary is attached to this report.

Using information contained in the “Summary of Pros and Cons,” the knowledge they gained from presentations by key resource individuals, and their meeting discussions, the Legislation Work Group prepared a report of their conclusions for submission to the Mayor’s Infrastructure Finance Committee. This Work Group Report outlined their major findings and expressed the Group’s feelings regarding each of the five topical areas they reviewed. A copy of the Work Group’s Report is also attached to this memorandum.

Mayor’s Infrastructure Finance Committee Interim Findings

At their December 19, 2002 meeting, the Mayor’s Infrastructure Finance Committee received a oral report from Jan Gauger (Legislation Work Group Chair) and Linda Crump (Legislation Work Group Vice-Chair) on the Legislation Work Group findings. Each Committee member received a copy of the Work Group’s report and the “Summary of Pros and Cons.”

Based upon the information provided by Ms. Gauger and Ms. Crump, and the Work Group’s written report, the Mayor’s Infrastructure Finance Committee took action on the following interim findings:

■ Fuel Sales Revenues

Motion 1: Four of the five “Fuel Sale Revenue” items investigated by the Work Group involved potential actions by the Nebraska Unicameral. These included (as generally presented in the “Summary of Pros and Cons”):

- Option 1 - Seek modification to the State’s fuel tax allocation formula so that Nebraska cities and counties would receive a greater overall portion of the existing fuel tax revenues.
- Option 2 - Seek modification to the State’s fuel tax allocation formula so that the City of Lincoln would receive a greater share of the existing fuel tax revenues now going directly to Nebraska cities and counties.

- Option 3 - Seek passage of State legislation to levee a additional State Fuel Tax that would go directly to Nebraska cities and counties.
- Option 4 - Seek passage of State legislation to allow individual communities to implement a “local option fuel tax” that would go directly to that community. (City Council and mayoral action would be required to implement this option if the State authorizing legislation were passed.)

Committee Action: Recommend to the Mayor and City Council that the City support the passage of any of these four options during the upcoming Nebraska Unicameral session, with the priority being in reverse numerical order -- that is, Option 4 having the greatest emphasis, followed by Option 3, with final consideration given to Option 2 and Option 1.

Furthermore, the Committee sees the benefit of the City of Lincoln supporting the efforts of the Nebraska League of Municipalities to lead the effort for greater State funding for roadway infrastructure maintenance and expansion.

MOTION APPROVED

Committee Vote – Favor: Korell, Gauger, Crump, Bayer, Zink, Brown, Schleich, Werner, Marvin, Meginnis. Opposed: None. Abstention: None. Absent: Carlson, Hampton, Young.

Motion 2: The fifth (and final) Fuel Tax Revenue Option investigated by the Work Group involved the passage of a local “Occupation Tax” on the retail sale of gasoline and diesel fuel in the City of Lincoln. Current City law allows for such a tax without further action by the State. This option was viewed as the most promising given the City’s current authorization to impose such a tax, and the existing and projected condition of the State’s financial situation.

Committee Action: Recommend to the Mayor and City Council that an “Occupation Tax” on the retail sale of fuel (i.e., gasoline and diesel fuel) be given further study as a potential local funding source for street maintenance and roadway system expansion by the City of Lincoln; and that the Finance Work Group be requested to explore this option in further detail and give it serious consideration as a funding source in their recommended financing package.

MOTION APPROVED

Committee Vote – Favor: Korell, Gauger, Crump, Bayer, Zink, Brown, Schleich, Marvin, Meginnis, Werner. Opposed: None. Abstention: Werner. Absent: Carlson, Hampton, Young.

■ **Design-Build Bidding Approach**

Motion 3: The Legislation Work Group considered the potential application of the “design-build bidding approach” as part of City of Lincoln’s procurement process for infrastructure development. This approach would allow a firm (or team of firms) to bid on both the design and construction of a public infrastructure facility. Presently both Nebraska State law and the Lincoln City Charter prohibit combining bids for the design and the construction phases of such projects.

Committee Action: Recommend to the Mayor and City Council that the City lend its support to efforts in the Unicameral to approve legislation authorizing Nebraska communities to utilize the “design-build bidding approach;” and if the legislation passes the Unicameral, to recommend to the City Charter Commission that they take the steps necessary to amend Lincoln’s City Charter in accordance with State law to allow “design-build bidding” to be used for local infrastructure improvement projects.

MOTION APPROVED

Committee Vote – Favor: Korell, Gauger, Crump, Bayer, Zink, Brown, Schleich, Marvin, Meginnis, Werner. Opposed: None. Abstention: None. Absent: Carlson, Hampton, Young.

■ **Municipal Infrastructure Redevelopment Fund (MIRF)**

Motion 4: The Municipal Infrastructure Redevelopment Fund (MIRF) program provides the City of Lincoln with an estimated \$475,000 each year in State assistance. While these funds are often used for public infrastructure activities not covered by this study effort, the MIRF funds are important part of the City’s overall capital improvement program.

Committee Action: Recommend to the Mayor and City Council that the City of Lincoln support legislative efforts to continue this State funding source at current or expanded levels.

MOTION APPROVED

Committee Vote – Favor: Korell, Gauger, Crump, Bayer, Zink, Brown, Schleich, Marvin, Meginnis, Werner. Opposed: None. Abstention: None. Absent: Carlson, Hampton, Young.

■ **Stormwater Management**

Motion 5: Legislation is anticipated to be introduced into the Nebraska Unicameral during their 2003 session allowing local jurisdictions to establish their own “stormwater management programs.” The proposed legislation is considered permissive in that it only authorizes the creation of such programs – it does not mandate that local communities establish them. Subsequent action by the Lincoln City Council and Mayor would be required before such a stormwater management program could be put in place.

Committee Action: Recommend to the Mayor and City Council that the City support legislative efforts before the Nebraska Unicameral that would allow local jurisdictions to establish stormwater management programs in accordance with the conditions contained in such authorizing legislation.

MOTION APPROVED

Committee Vote – Favor: Korell, Gauger, Crump, Bayer, Zink, Brown, Schleich, Marvin, Meginnis, Werner. Opposed: None. Abstention: None. Absent: Carlson, Hampton, Young.

■ **Federal Reauthorization Legislation**

Motion 6: The Federal government remains a major source of funding for street and highway infrastructure improvements. Legislation reauthorizing funding for such programs will soon be considered by the United States Congress.

Committee Action: Recommend to the Mayor and City Council that the City support discussions with the Nebraska Congressional delegation to continue capital funding for streets and highways.

MOTION APPROVED

Committee Vote – Favor: Korell, Gauger, Crump, Bayer, Zink, Brown, Schleich, Marvin, Meginnis, Werner. Opposed: None. Abstention: None. Absent: Carlson, Hampton, Young.

■ **Overall Priorities**

Motion 7: The Mayor and the City Council are responsible for setting the Federal and State legislative agenda for the City of Lincoln. With this in mind, the Mayor's Infrastructure Finance Committee considered the relative priorities of the legislative options presented to them by the Legislation Work Group.

Committee Action: Recommend to the Mayor and City Council that of the State-related options reviewed by the Committee, the priority order should be: (1) Fuel Sales Tax Revenues; (2) Stormwater Management Program Legislation; (3) Design-Build Bidding Approach; and, (4) MIRF Funding.

MOTION APPROVED

Committee Vote – Favor: Korell, Gauger, Crump, Bayer, Zink, Brown, Schleich, Marvin, Meginnis, Werner. Opposed: None. Abstention: None. Absent: Carlson, Hampton, Young.

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